



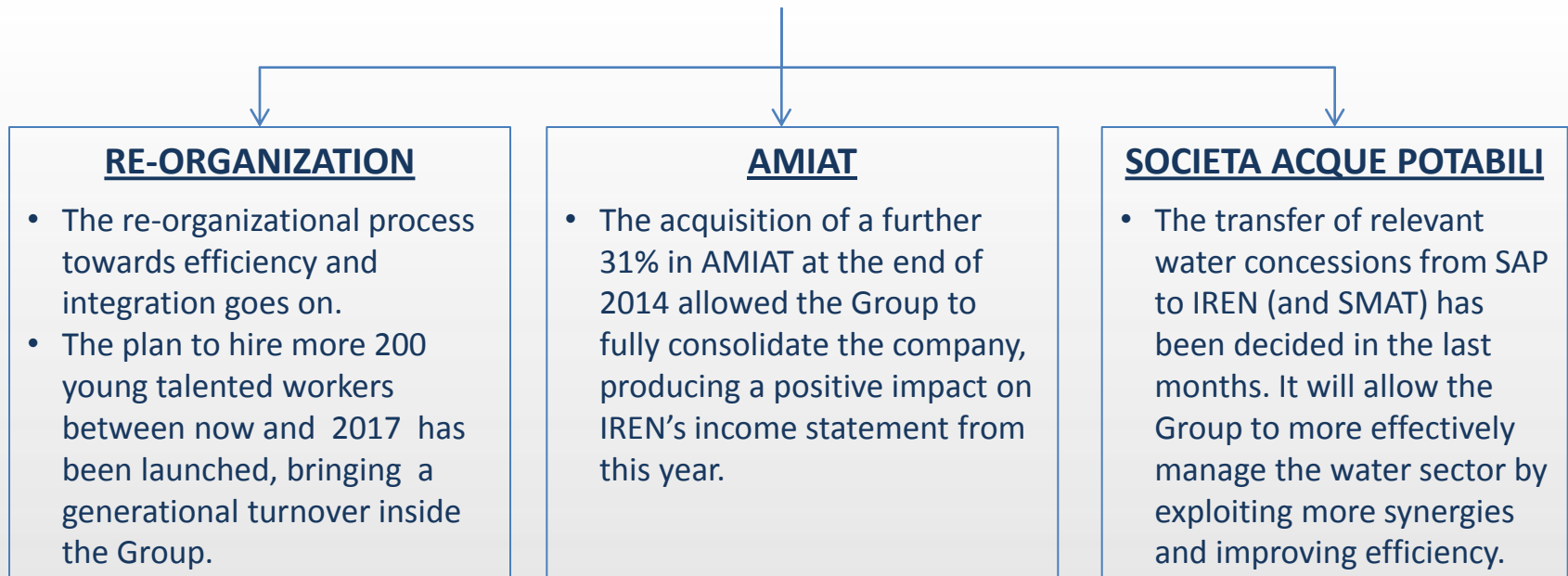
14th May 2015

2015 – 1Q Results

1Q 2015: Absence of extraordinary negative one-offs reveals Iren's potential.

The **exceptional mild winter and autumn seasons** that characterized 2014 did not repeat in the 1Q 2015, which reported lower temperatures, more in line with the average of the period.

In this scenario the Group **has focused more on internal re-organization and external growth opportunities.**



INWARD

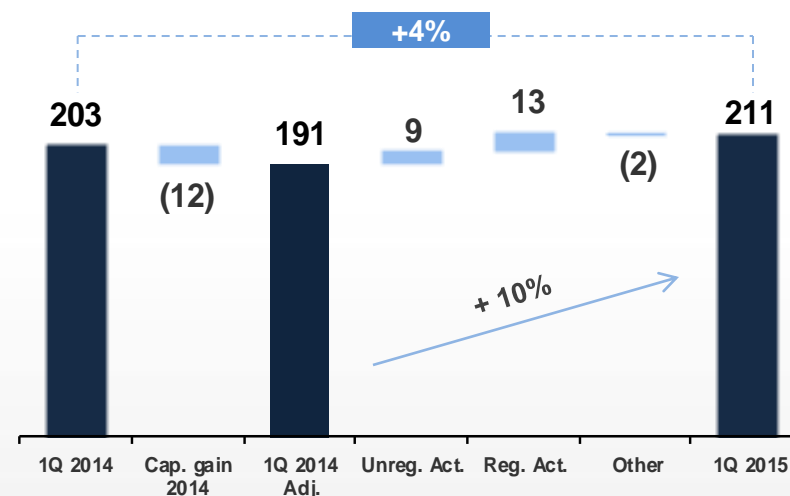
OUTWARD

1Q 2015: all the economic key indicators signal growth.

Income statement

	m€	1Q '14 ¹	1Q '15	Δ	Δ%
Revenues		903	919	16.0	1.8%
Ebitda		203	211	8.2	4.0%
<i>Ebitda margin</i>		22.5%	23.0%		
Ebit		129	133	4.4	3.5%
Net profit		51	59	7.3	14.2%

Ebitda Bridge



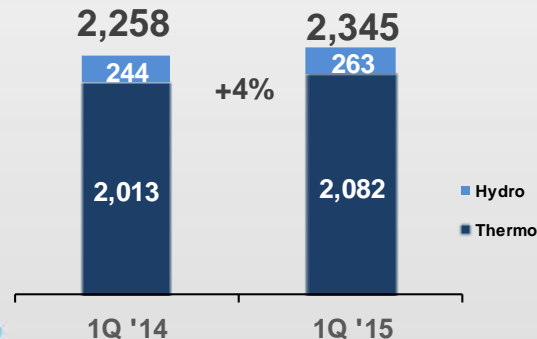
- **Revenues up by 1.8%:** The growth is linked to the integral consolidation of the subsidiary AMIAT S.p.A., which offset a further drop in commodity prices.
- **Ebitda +4.0%:** The growth in EBITDA is even more significant taking into account the absence of the positive one-off reported in 1Q 2014. Both unregulated activities (+8%) and regulated activities (+16%) contributed to the improvement in margins along with achieved synergies (4m€).
- **Ebit +3.5%:** Lower net provisions more than offset higher D&A due to AMIAT integral consolidation.
- **Net profit +14.2%:** The growth in Net Profit reflects the good operating performance and a lower tax rate due to the cancellation of the Robin Hood tax and the change in IRAP calculation method.

GENERATION AND DH – Stable results in spite of the expiry of GCs.

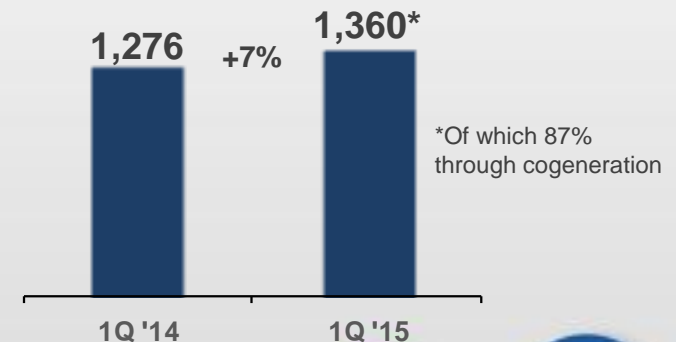
- **Stable results in cogeneration** thanks to higher volumes and positive performance in the dispatching services market (MSD) which offset the absence of the positive one-off reported in 1Q 2014.
- **Hydroelectric sector** benefitting from **higher production**, +8% (bucking the national trend, -19%) counterbalanced by reduction in prices.
- **District heating sector** reports a slight decrease in margin linked to the **green certificates expiry (worth approx. 10m€ in the quarter, 20m€ FY)**, partially offset by higher volumes due to a normalization of winter climate conditions (still less favorable than 2013).

	m€	1Q '14	1Q '15	Δ	Δ%
Revenues		302	267	-35	-11%
Ebitda		70	70	0	0%
Ebit		42	39	-3	-8%
Gross Capex		5	4	-1	-27%

ELECTRICITY PRODUCTION (GWh)



HEAT PRODUCTION (GWht)



MARKET – Strong increase in gas sector.

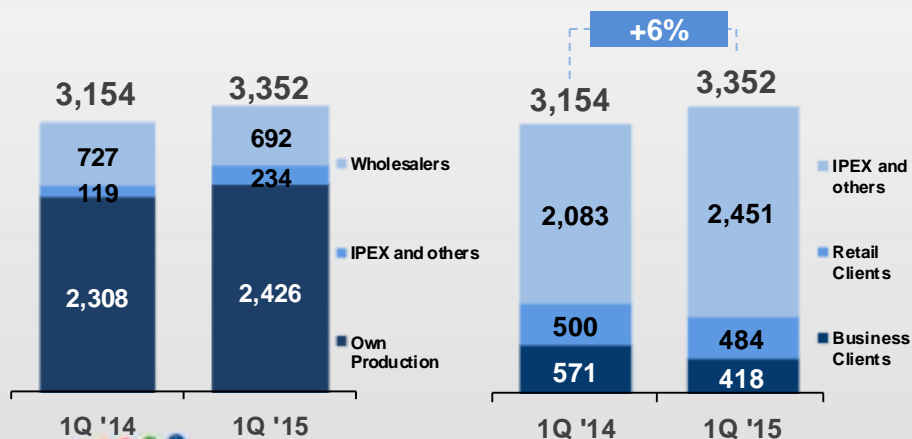
- The **Gas Sales** branch scores a +34% increase, thanks to the effective sales policy carried out by the Group together with a very low percentage of long term contracts in its sources portfolio.
- **Electricity sales** impacted by the absence of the positive one off reported in 2014 (linked to the regulated market).
- Relevant improvement in EBITDA margin (6.0% vs. 4.5%).

	m€	1Q '14	1Q '15	Δ	Δ%
Revenues		873	812	-61	-7%
Ebitda		40	49	9	22%
	<i>Electricity</i>	8	6	-2	-26%
	<i>Gas&Heat</i>	32	43	11	34%
Ebit		29	39	10	34%
Gross Capex		2	3	1	35%

ELECTRICITY PORTFOLIO* (GWh)

Sources

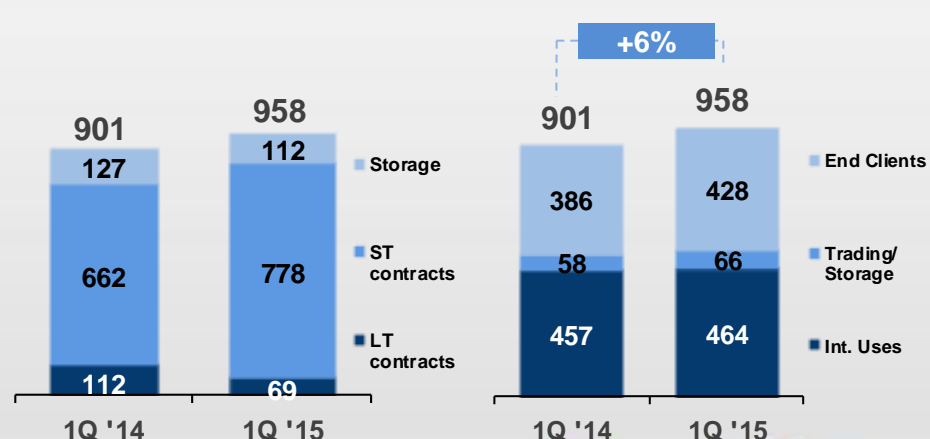
Uses



GAS PORTFOLIO (MCM)

Sources

Uses



DISTRIBUTION – Positive results in all the sectors.

ENERGY INFRASTRUCTURE

- **Electricity networks:** Positive impact of the equalization for previous year, together with higher white certificates thanks to an increase in efficiency.
- **Gas networks:** growth driven by cost-savings and synergies.

	m€	1Q '14	1Q '15	Δ	Δ%
Revenues		77	87	10	13%
Ebitda		32	37	5	15%
	<i>Electricity</i>	16	20	4	22%
	<i>Gas</i>	16	17	1	7%
Ebit		22	26	4	19%
Gross Capex		14	15	1	8%
<i>El. distr. (GWh)</i>		996	999		
<i>Gas distr. (mcm)</i>		518	575		

WATER

- **Higher revenues** linked to work on behalf of third party, to investments accounted in revenues in compliance with the IFRIC 12 principle and to the tariff growth.
- The **increase in margins** reflects the tariff trend, compliant with the regulatory framework established by AEEGSI along with the achievement of synergies.

	m€	1Q '14	1Q '15	Δ	Δ%
Revenues		99	110	11	11%
Ebitda		35	36	1	5%
Ebit		17	21	4	22%
Gross Capex		11	14	3	34%
<i>Volume sold (mcm)</i>		37	35		

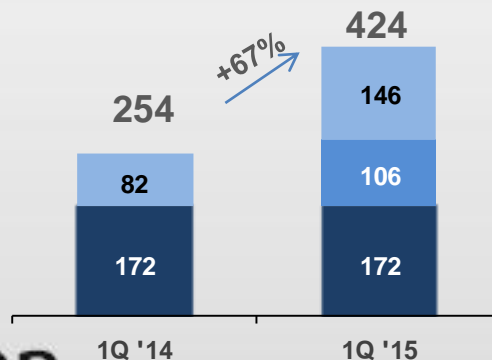
WASTE – Doubling of revenues.

- The acquisition of the control of **AMIAT** and its subsequent **entering into Iren's consolidation perimeter** brought to a **doubling in revenues** and to a strong increase in urban waste volumes collected and **EBITDA (+52%)**.
- The **relevant growth in special waste** collection, already registered in 2014, further accelerated (**+ 77%**) as well as **the strong increase in heat produced** (thanks to the new WTE in Parma).
- Sorted waste collection percentage in Emilia area reached 65% (up from 62% reported in 1Q 2014).
- Lower capex thanks to the completion of the WTE in Parma.

	m€	1Q '14	1Q '15	Δ	Δ%
Revenues		56	116	60	107%
Ebitda		13	20	7	52%
Ebit		6	11	5	65%
Gross Capex		8	3	-5	-60%

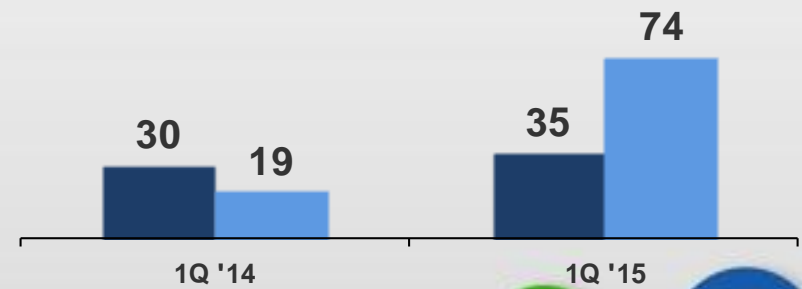
Waste (Kton)

■ UW Iren ■ UW Amiat ■ Special waste



WTEs - Energy and Heat prod. (GWh-GWht)

■ Energy sold ■ Heat



From EBITDA to Net Profit.

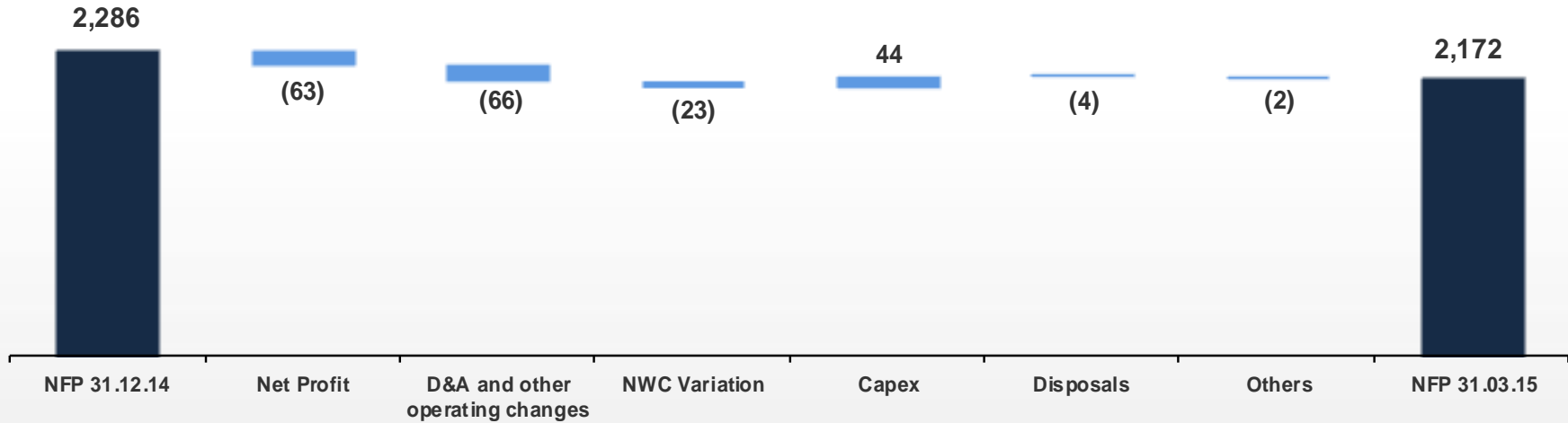
	1Q '14	1Q '15	Δ	Δ%
EBITDA	203.3	211.4	8.1	4.0%
<i>D&A</i>	-57.2	-65.7		
<i>Provisions</i>	-17.4	-12.5		
EBIT	128.7	133.2	4.5	3.5%
<i>Financial charges for loans</i>	-23.8	-21.1		
<i>Other financial charges</i>	-1.9	-7.3		
<i>Companies consolidated with e.m.</i>	-2.8	-2.9		
EBT	100.2	101.9	1.7	1.6%
<i>Taxes</i>	-45.4	-39.0		
<i>Minorities</i>	-3.5	-4.2		
Group net profit	51.3	58.6	7.3	14.2%

- **Higher D&A** related mainly the consolidation of AMIAT and lower provisions.

- **Lower FC** due to lower cost of debt.
- Higher financial expense due to the discounting of provisions.

- **Lower tax-rate** linked to the **cancellation of RHT** and the **change in IRAP** regulatory framework.

Cash-flow and NFP Bridge.



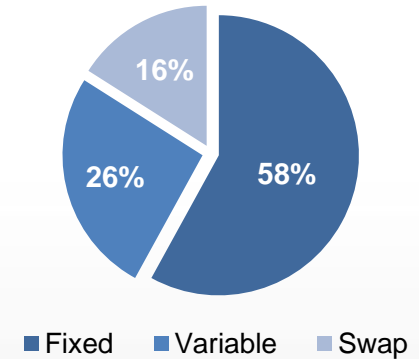
- The relevant reduction in NFP is due to the cash flow from operation, which more than covers the cash-out for investments. Approximately 70% of the latter are devoted to energy and water distribution networks.



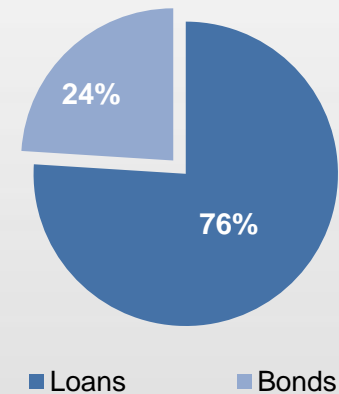
Interest rate and debt structure.

- 26% of gross debt at variable interest rate.
- Average long-term debt duration of about 4.9 years.
- Relevant reduction in cost of debt (3.5% compared to 3.8% in FY 2014).
- Well-balanced debt structure (one quarter of Iren's total debt is funded through bonds).

Gross debt interest rate



Debt structure





Annexes



Market Scenario.

	1Q '14	1Q '15	Δ%
Brent <i>USD/bbl</i>	108.2	54	-50.1%
USD/€	1.4	1.1	-17.7%
Brent <i>€/bbl</i>	79.0	47.9	-39.4%
Gas Demand (<i>bcm</i>)	21	24	10.5%
PSV <i>€/000 scm</i>	269	257	-4.4%
Energy Demand (<i>Twh</i>)	78	78	-0.1%
PUN (<i>€/Mwh</i>)	52.5	51.9	-1.2%
CO ² <i>€/Ton</i>	5.9	7.0	+19.5%
Green Cert. Hydro (<i>€/Mwh</i>)	90.6	97.9	+8.1%

- The normalization of climate condition brought a 10% growth in gas demand
 - PUN level still depressed.

Balance Sheet.

	FY '14	1Q '15
<i>Net fixed assets</i>	4,619	4,591
<i>Net Working Capital</i>	238	216
<i>Funds</i>	-550	-562
<i>Other assets and liabilities</i>	-28	-17
Net invested capital	4,279	4,228
<i>Group Shareholders' equity</i>	1,994	2,055
<i>Net Financial Position</i>	2,285	2,172
Total Funds	4,279	4,228

DISCLAIMER

The Manager in charge of drawing up the corporate accounting documents and the Chief Financial Officer of IREN S.p.A., Mr. Massimo Levrino, hereby declares, pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act (Legislative Decree No 58/1998), that the accounting information contained in this presentation is consistent with the accounting documents, records and books.

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